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Hog market focus shifts

Big Sky free to team upwith SPI Marketing to look at Sask. processing capacity

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The decision by Big Sky Farms Inc. of Humboldt to pull out of a controversial pork plant in Winnipeg means the company is shifting its focus to Saskatchewan.

Big Sky is free to work with SPI Marketing of Saskatoon and other players in the Saskatchewan hog market to look at processing capacity in this province.

Both Big Sky and Quebec-based Olymel announced Tuesday they were withdrawing from the $200-million OlyWest project planned for Winnipeg, in part because of uncertainty created by the Manitoba government's recent ban on new hog barns.

"I think it's fair to say that there is already discussions happening with a number of partners to see what can be done in Saskatoon," Florian Possberg, president and CEO of Big Sky, said Tuesday. "Big Sky would be one of those."

The company is the province's largest pork producer, with production barns throughout Saskatchewan. SPI Marketing, which helps Saskatchewan producers -- large and small -- sell their hogs, is working with SaskPork, the industry council, to see if a producer-owned pork facility can be built to replace some or all of the capacity that will be lost when Maple Leaf Foods closes the venerable Mitchell's Gourmet Food slaughter and pork cutting facility on 11th Street in Saskatoon.

This fall, Maple Leaf announced it was backing out of fresh pork export international markets and cancelled plans for a $110-million pork plant in Saskatoon that it had announced in July 2005.

Maple Leaf president and CEO Michael McCain said the closure of 11th Street could happen within a year. McCain's goal is to shift Saskatchewan production to a second shift at its more modern plant in Brandon. McCain told hog producers in Saskatoon in November there was little chance he would change his mind about the 11th Street plant, and said it was "highly unlikely" he would sell the plant to producers.

Possberg first announced his company was joining the OlyWest proposal in August 2005. While it picked Winnipeg, Saskatoon was also under consideration, but Possberg said transportation facilities were better in Winnipeg.

Olymel, which announced Monday it will close two Quebec plants, also acknowledged it needs to focus on restructuring its Quebec operations due to global competition and a strong Canadian dollar. It also needs to fight a crippling labour shortage in Alberta and find enough workers to add a second shift to its plant in Red Deer.

That leaves Manitoba-based Hytek, which has always been the majority stakeholder in the proposed

Winnipeg plant, to go it alone and continue with the environmental review process.

"Hytek is determined to complete the Clean Environment Commission process and build a pork processing facility that will provide food, jobs and economic benefit for Manitobans," said vice-president Guy Beaudry.

The proposed plant, which is expected to employ about 1,100 people, has been opposed by city residents as well as environmentalists.

Nationally, the industry is reeling from a strong dollar that has hurt exports to the United States and Japan, the two biggest consumers of Canadian pork.

Big Sky vice-president Phil Dykstra said his company is going to refocus its priorities in Saskatchewan because of frustration with Manitoba's temporary hog barn ban.

"Regrettably, we have lost confidence in the Manitoba government's commitment to this project," said Dykstra.

Possberg says other jurisdictions in North America which have put moratoriums on new hog barns have also seen investment lost.

"That was the straw that broke the camel's back," he said. "Moratoriums are not just little blips. They tend to change the dynamics of the industry. It happened in Quebec and it happened in North Carolina."

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